



**BRITISH
COLUMBIA**

**Ministry of
Energy and Mines**

Performance Plan 2001-2004

Ministry of Energy and Mines

April 2001

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Introduction

Introduction

The past year has seen unprecedented growth in the development of oil and gas resources in the province. This development has provided significant benefits to all British Columbians, including direct and indirect employment opportunities, and growing government revenues required to provide health, education and other important services. However, despite a modest increase in exploration expenditures over the past year, the mining sector continues to face significant challenges. Over the next year, the Ministry of Energy and Mines will renew efforts to revitalize this important sector of the economy, while also working to build on the strength of the oil and gas industry.

The Ministry of Energy and Mines has an important role to play in ensuring the long-term growth and sustainability of the province's energy and mineral sectors. This performance plan outlines how the ministry intends to capitalize on opportunities that support investment and job creation in these important resource sectors. The plan supports the ministry's goal of serving as a catalyst and facilitator for the responsible development of the province's energy and mineral resources, in a manner that is consistent with its legislated responsibilities.

This plan provides clearly defined objectives and key, measurable targets in support of the objectives. It will guide the ministry's operations as ministry staff continue their efforts to ensure the long-term sustainability of British Columbia's energy and minerals sectors.

A. Strategic Context

1. Vision

The Ministry of Energy and Mines serves as the catalyst and facilitator for the development of thriving, sustainable and competitive energy and mineral resource industries for the benefit of all British Columbians.

2. Mission

The Ministry of Energy and Mines promotes a competitive investment climate, which encourages responsible development of energy and mineral resources, supports job creation, and ensures environmental protection and public and worker health and safety. The Ministry also collects revenues generated by the development of those resources.

The core business of the Ministry of Energy and Mines comprises the following activities:

- managing the disposition of mineral and petroleum rights;
- maximizing the responsible development of British Columbia's energy and mineral resources;
- enhancing British Columbia's position as a key player in global energy and mineral sectors;
- implementing regulations to protect public and worker health and safety, and the environment;
- assessing, levying, and collecting revenue; and
- providing policy, legislation, land use and geoscience advice and support for the foregoing activities.

The Minister of Energy and Mines is also responsible for the Oil and Gas Commission, which submits its own Performance Plans.

3. Core Values/Principles

The following values and principles guide how the Ministry of Energy and Mines delivers its mandated responsibilities:

• advocacy	• The ministry maintains and enforces high-quality health, safety and environmental standards. • The ministry represents the interests of the energy and mineral sector to broader stakeholder groups and assists those sectors' responsible development. • The ministry informs the government, industry and citizens of the province of the benefits of responsible resource development.
• integrity	• The ministry is committed to protecting health, safety and the environment and to ensuring the province's mineral and energy resources are developed in a fair and responsible manner.
• transparency	• The ministry ensures its regulations and processes are equitably applied in fair and open processes that are adequately communicated to its stakeholders and the general public.
• responsiveness	• The ministry responds to the needs of its stakeholders in a timely and effective manner.

4. Environmental Scan – Assessment of critical issues, opportunities and challenges:

The environmental scan is an assessment of external forces that can have a significant impact on the ministry. It provides the ministry with critical information to prepare for future actions.

Macro Trends:

- Globalization is a reality and increasingly an imperative for growth.
- Continued and accelerated liberalization of world trade.
- An aging population is increasing demands for health care, and for the revenue needed to provide health care services.
- Shift of power to companies that understand how to operate in a more complex social environment, and are willing to be accountable to all stakeholders.
- Focus on the environment, and global pressure for improved environmental performance.
- Speed and pervasiveness of technological change and communication.
- More complex and diverse workforce with changing demands and values.

Key Opportunities:

- Growing demand for petroleum and natural gas, increased pipeline capacity and greater access to markets.
- Increasing recognition of Vancouver as the mineral exploration capital of the world, with a large sophisticated exploration base working in British Columbia and abroad.
- Significant mining and oil and gas opportunities exist throughout the province and offshore.
- Despite recent trends towards consolidation of companies, small to medium sized oil and gas companies continue to play an important role in British Columbia -- they have shorter planning horizons and immediate growth targets for investors/shareholders.
- Strong potential in B.C.'s oil and gas supply -- major finds in northern basins have attracted industry interest.
- Potential for growth in service related industries.
- British Columbia's growing population, centered in the Lower Mainland area, is leading to increased demand for industrial minerals including aggregates, limestone (cement), and building stone.

Key Challenges:

- Land use concerns and land claim settlements and the subsequent uncertainty of access to mineral lands and security of tenure.
- Multiple stakeholders with shifting complex values regarding land use.
- Growing competition for risk capital.
- Cyclical nature of commodity prices.
- Increased federal involvement — especially in environmental issues.
- Perceived difficulty of being globally competitive within the Canadian and provincial business environments.

B. Goals/Objectives

This section of the business plan identifies the principal goals that the ministry wants to achieve to fulfill its mandate and mission.

5. Goals/Objectives of the Ministry of Energy and Mines:

The Ministry has four long-term objectives that reflect its business plan and define critical elements moving towards its vision of being: *"the catalyst and facilitator for the development of thriving, sustainable and competitive energy and mineral resource industries for the benefit of all British Columbians."*

1. To revitalize the mineral industry
2. To increase energy, oil and gas activity
3. To support the growth of energy and mineral initiatives
4. To be a responsive, adaptable and accountable organization

Each of these objectives is expanded upon in Section D of this document.

C. Performance Measures

6. Performance Measures:

A performance measure can be used to indicate the degree of success a ministry has in achieving its goals and objectives.

The performance plan measures are integrated into Section D. "Performance Plan: Targets and Activities in Support of Each Objective."

This section looks at the business plan objectives in more detail and highlights the specific targets and activities that will be undertaken to achieve each objective.

MEM Performance Plan: Targets and Activities in Support of Each Objective

COAST GUARDIANSHIP

ACTIVITIES IN SUPPORT OF THE TARGETS

REVITALIZE THE MINERAL INDUSTRY		
Responsibly increase mineral exploration and development	- Record exploration expenditures of \$30 million (31-03-02), \$40 million (31-03-03) and \$60 million (31-03-04) - Increase the provincial percentage of national exploration expenditures by 10% (31-03-04) - Realize \$300,000 in new revenue from industrial minerals (31-03-02), \$300,000 (31-03-03) and \$350,000 (31-03-04)	Mining Strategy - Develop a new Mining Strategy to stimulate exploration and development (30-06-01) - Implement approved elements of Mining Strategy (31-05-02) - Develop and implement a strategy to enhance the industrial minerals industry (31-03-03) - Host the 2001 <i>International Forum on the Geology of Industrial Minerals</i> (23-05-01) Regulatory and Financial Environment - Enhance mineral tax audit capacity (31-03-02) - Implement electronic processes for mine permit application and referral systems (31-03-03) - Implement electronic processes for filing of remittance advices (31-03-03) - Review Mineral Exploration Code (31-03-03) Geological Surveys - Complete over 250,000 hectares of geological survey and release at least 45 new reports (annually)

D. Performance Plan: Targets and Activities in Support of Each Objective

GOALS/OBJECTIVES

MEASURABLE PERFORMANCE TARGETS

ACTIVITIES IN SUPPORT OF THE TARGETS

Responsibly increase mineral exploration and development, can't	- Record exploration expenditures of \$30 million (31-03-02), \$40 million (31-03-03) and \$60 million (31-03-04) - Increase the provincial percentage of national exploration expenditures by 10% (31-03-04) - Realize \$300,000 in new revenue from industrial minerals (31-03-02), \$300,000 (31-03-03) and \$350,000 (31-03-04), can't	Tenure Administration - Add coal licence and lease information to MapPlace (31-03-02) - Complete vectorization of Crown granted mineral claims (31-03-02) - Produce feasibility report on map staking (31-03-02) - Post mineral titles policy and procedures manual on ministry Web site (31-03-03) - Produce 1,000 1:20,000 base maps (TRIM, Phase II) (annually) - Produce Phase II maps for majority of blocks with active mineral tenure areas (31-03-04) Gravel Supply - Provide provincial response to, and commence implementation of recommendations of Aggregate Advisory Panel (31-03-02) - Publish Best Management Practices Handbook (31-03-02) - Reduce decision time on permits to six months for projects not subject to Environmental Assessment Act (31-03-03) - Implement revised provisions for accessing Crown aggregate for mines (31-03-03) - Complete provincewide implementation of approved elements of Aggregate study (31-03-04)
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D. Performance Plan: Targets and Activities in Support of Each Objective

GOALS/OBJECTIVES	MEASURABLE PERFORMANCE TARGETS	ACTIVITIES IN SUPPORT OF THE TARGETS
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RESPONSIBLY INCREASE OIL, GAS AND ENERGY ACTIVITY Develop new energy resources	Increase total energy revenues by \$60 million (31-03-02), \$80 million (31-03-03) and \$77 million (31-03-04)	Oil and Gas Initiative III - Develop Oil and Gas Initiative III (31-07-01) - Implement relevant elements of Oil and Gas Initiative III prior to the Fall 2001 drilling season
		Deep Gas - Develop deep gas exploratory incentive (31-03-02) Coal Bed Methane (CBM) - Realize at least one CBM pilot project (31-03-02) - Develop and implement CBM fiscal and regulatory framework to facilitate CBM development (31-03-02)

D. Performance Plan: Targets and Activities in Support of Each Objective

GOALS/OBJECTIVES

MEASURABLE PERFORMANCE TARGETS

ACTIVITIES IN SUPPORT OF THE TARGETS

Develop new energy resources, can't	• Increase total energy revenues by \$60 million (31-03-02), \$80 million (31-03-03) and \$77 million (31-03-04), can't	Regulatory and Financial Environment • Update and distribute Natural Gas Industry Competitiveness Study (30-06-01) • Convert all B.C. oil and gas rights to Crown Reserve (31-03-02) • Implement low productivity reduction in gas royalties (31-03-02) • Reduce validation period to 10 months for oil royalties and nine months for gas royalties (31-03-02) • Assess regulatory and economic measures affecting ethanol production (31-03-02) • Address key regulatory and financial measures affecting competitiveness of the energy sector (31-03-03) • Develop and implement geothermal fiscal and regulatory framework (31-03-03) • Pilot electronic payments for application and maintenance of title (31-03-04) • Implement electronic processes for: gas royalty invoicing (31-03-02); access to royalty accounts (31-03-03); and oil royalty invoicing (31-03-04) • Develop and implement hydrogen fiscal and regulatory framework (31-03-04) Infrastructure • Implement long-term management plan for Sierra Yoyo Desan (SYD) Road (31-03-02) • Upgrade and maintain SYD road (31-03-04) • Assess merits of provincial assistance for specified resource development roads (annually)
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D. Performance Plan: Targets and Activities in Support of Each Objective

GOALS/OBJECTIVES MEASURABLE PERFORMANCE TARGETS ACTIVITIES IN SUPPORT OF THE TARGETS

Develop new energy resources, can't	• Increase total energy revenues by \$60 million (31-03-02), \$80 million (31-03-03) and \$77 million (31-03-04), can't • Realize at least one deep well drilling program in the Muskwa-Kechika management area (31-03-03)	Geological Surveys • Complete studies in at least three areas of high oil and gas potential (annually) Special Management Zones • Make rights available for sale in the Dunlevy special management zone (31-03-03), the Besa Prophet pre-tenure plan area (31-03-03) and the Halfway-Graham special management zone (31-03-04)
SUPPORT GROWTH OF ENERGY AND MINERAL INITIATIVES		
Enhance B.C.'s position as a key player in global energy and mineral sectors	• Increase investment in B.C. energy and mineral exploration and development as noted above	Market Development • Establish marketing and external relations branch (30-06-01) with mandate to develop and deliver marketing strategy for energy and mineral resource development (31-03-02) • Implement approved strategies (annually) Community Relations • Publish socio-economic study on oil and gas sector in northeast B.C. (31-03-02) • Establish inventory of energy and mineral resource sector effects on local, regional and provincial economies (31-03-03)

D. Performance Plan; Targets and Activities in Support of Each Objective

GOALS/OBJECTIVES MEASURABLE PERFORMANCE TARGETS ACTIVITIES IN SUPPORT OF THE TARGETS

Enhance B.C.'s position as a key player in global energy and mineral sectors, can't	• Increase investment in B.C. energy and mineral exploration and development as noted above, can't	Access to Land and Resources • Provide for energy and mineral access and development requirements in all land planning initiatives (annually) • Develop and apply consistent valuation of energy and mineral resources to all land use initiatives (annually) • Enhance energy and mineral resource representation in planning initiatives (annually) Relations with First Nations • Implement Kaska Dena Interim Measures Agreement (annually) • Sign revised MOUs with B.C. Treaty 8 First Nations (31-03-02) • Develop regulatory framework for consistent administration of subsurface resources included in treaty settlements (31-03-02) • Implement revised consultation guidelines (31-03-03) • Develop and deliver projects to increase opportunities for First Nations in subsurface resource development (annually) • Complete each stage of the five year archaeology study in northeast B.C. (annually) Mining Rights Compensation Claims • Negotiate 17 settlement awards for mineral claims that have been expropriated for parks creation (annually)
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MEM Performance Plan 2001-2004: Targets and Activities in Support of Each Objective

COAST GUARDIANSHIP AND ENVIRONMENTAL TARGETS ACTIVITIES IN SUPPORT OF THE TARGETS

Ensure environmental integrity and the highest health and safety standards in energy and mineral resource development	• Achieve all targets in provincial Climate Change Action Plan (annually) • Realize establishment of one new gas processing plant utilizing acid gas injection technology (31-03-02) • Maintain an accident frequency of 2.2 or fewer incidents per 200,000 person hours worked (annually)	Climate Change • Publish baseline and trend information on energy and mineral sector emissions intensity (31-03-03) • Complete carbon management strategy for B.C. energy sector (31-03-03) • Encourage voluntary efforts to manage greenhouse gas emissions from industry operations (annually) Gas Emissions • Develop regulatory and fiscal regime to encourage safe disposal of acid gas (31-03-02) • Implement royalty exemption for "otherwise flared" gas (31-03-03) Mine Health and Safety • Complete site inspections at all major mines and 50 per cent of small mines (annually) • Complete site inspections at 50 per cent of exploration sites (annually) • Conduct at least 12 Health and Safety inspections at each major mine (annually) • Conduct training for at least three occupational health and safety committees (annually) • Provide musculoskeletal disorder training for 10 mines (annually) • Organize and participate in mine rescue competitions (annually) • Review Health Safety & Reclamation Code (31-03-03)
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D Performance Plan: Targets and Activities in Support of Each Objective

GOALS/OBJECTIVES	MEASURABLE PERFORMANCE TARGETS	ACTIVITIES IN SUPPORT OF THE TARGETS
Ensure environmental integrity and the highest health and safety standards in energy and mineral resource development, can't	- Reclaim at least one abandoned mine site (31-03-03) with five more (31-03-04) - Make at least one area available for geothermal resource development (31-03-04)	Mine Reclamation and Abandoned Mines - Implement risk-based reclamation security guidelines (31-03-02) - Implement use of Surety Bonds as acceptable form of reclamation security (31-03-02) - Manage remediation programs at Britannia (annually) - Revise protocols, procedures and legislation to encourage remediation of historic mines (contaminated sites legislation) (31-03-03) Energy policy and alternative energy - Issue a report on energy supply and demand, including necessary government initiatives to enable these developments over the long-term (31-03-03) - Publish reports on potential for a B.C. ethanol industry (31-03-02), geothermal resource potential (31-03-03) and use of hydrogen as an energy source (31-03-04)
HAVE A RESPONSIVE AND ADAPTABLE ORGANIZATION		
Attract and retain qualified staff	Complete succession planning for all branches (31-03-02)	- Implement a succession planning process (31-03-02) - Implement ministry employee recognition initiative (31-03-02) - Offer flexible work environment to encourage retention (annually) - Initiate targeted industry exchanges and university recruitment efforts (31-03-03) - Establish internal and external secondment programs (31-03-03)

Performance Plan: Targets and Activities in Support of Each Objective

GOALS/OBJECTIVES MEASURING PERFORMANCE TARGETS ACTIVITIES IN SUPPORT OF THE TARGETS

Attract and retain qualified staff, can't	Complete succession planning for all branches (31-03-02), can't	Training - Ensure all staff receive training, based on the organization's priorities (annually) - Implement alternative dispute resolution training program for Mediation and Arbitration Board members (31-03-02) - Upgrade and install software components and systems, and provide employee training for identified products (31-03-02)
Utilize technology to increase ministry efficiency	- Implement the new government Windows 2000 standard environment (31-03-02) - Complete integration of energy and mineral resource databases (31-03-04)	

E. Link to Government Priorities

The following table links the Ministry's priorities to the government's priorities and the ministry goals.

Government Priorities	Ministry Key Priorities
• Education	• Royalties and other revenue collected by the ministry support education programs • Improve efficiency and effectiveness of tax and royalty collection
• Healthcare (protecting health)	• Royalties and other revenue collected by the ministry support health and healthcare • Improve efficiency and effectiveness of tax and royalty collection • Ensure development proceeds with environmental integrity • Ensure programs are in place that contribute to a reduction in the number of industrial accidents
• Family and Communities (including working families and healthy communities)	• Strengthen the economy, especially in resource regions • Continue commitment to strong relationships between local residents, municipalities, the province and the energy and mineral industries • Continue commitment to strong relationships between First Nations, the province and the energy and mineral industries • Create a secure and accessible gravel supply (for road/highway development)

E. Link to Government Priorities (continued)

Government Priorities	Ministry Key Priorities
• Fuelling growth and innovation	• Manage resources to add value and ensure the greatest benefit to British Columbia residents • Streamline regulations and administration to enhance industry competitiveness • Improve the investment climate in British Columbia • Increase First Nation's access to economic opportunities
• British Columbia's resource strength	• Ensure the conditions exist to responsibly grow oil, gas and mineral industries • Increase exploration and production activities • Position British Columbia as the gateway to the future Canadian supply basin • Continue to explore opportunities for development of new resources • Increase British Columbia's market share of exploration expenditures
• Environment: Building a green economy	• Address greenhouse gas emissions • Ensure environmental integrity in energy and mineral resource development • Ensure land-use plans support responsible mineral activities • Clean up old mine sites

F. Resource Linkage

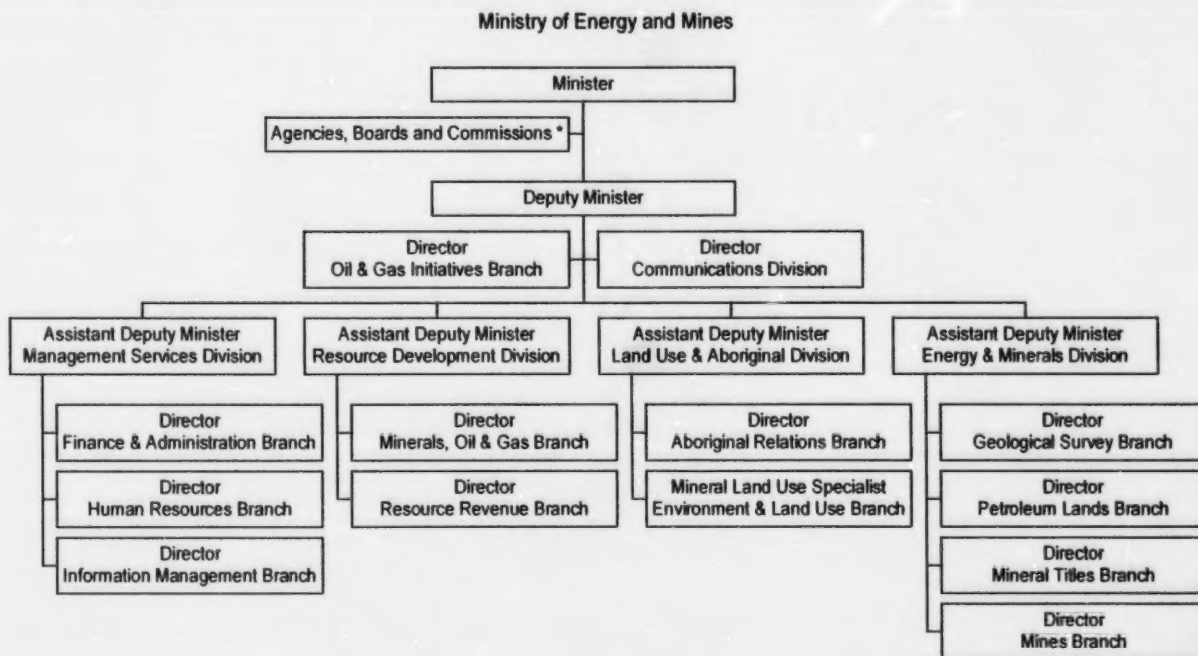
8. Resource Linkage

The Resource Plan reflects the allocation of FTEs and program budgets.

Budget and FTE Allocation

Program	Budget \$(000)	FTEs
Minister's Office	382	5
Corporate Services Includes Deputy Minister's Office, Management Services Division, Communications Division, and Oil and Gas Initiatives Branch	10,418	46.5
Energy and Minerals Division	17,621	198.5
Resource Development Division and Land Use and Aboriginal Relations Division Includes \$33.2 million for the Vancouver Island Natural Gas Pipeline Agreement	37,569	54
Resource Revenue Sharing Agreements	2,500	
Clean Choice program	1,001	
Total	69,491	304

G. Ministry of Energy and Mines Organizational Chart



*Mediation and Arbitration Board, Mineral Tax Review Board, Assayers Certification Board of Examiners, and Oil and Gas Commission.

H. Organizational Structure – Descriptions

Corporate Services

Under an agreement, the Ministry of Employment and Investment provides some executive support services to the Ministry of Energy and Mines. These services include support for the deputy minister's office and communications division, as well as administrative support services for the ministry. Grants and contributions are provided in support of ministry initiatives.

Management Services Division

Serves the needs of the ministry's management and staff in the areas of finance, personnel, information systems, records management, information and privacy, and employment equity.

Communications Division

Provides all communications, media and public relations, and issues management for the ministry.

Oil and Gas Initiatives Branch

The Oil and Gas Initiatives Branch was created in April 2000 to promote the development and growth of the oil and gas industry in British Columbia. Initiatives include facilitating investment, encouraging producers to utilize local service companies, overseeing a five-year public road rehabilitation program, developing a coal bed methane regulatory and fiscal regime and various other initiatives designed to maximize the return to the province and its people from the oil and gas industry.

Resource Development Division

The Resource Development Division provides evaluation, strategic planning and policy development with regard to the province's energy and mineral resources, including:

- the determination, assessment and collection of royalties, taxes, levies and fees on subsurface resources and developments;
- environmental, socio-economic and financial assessments of resource developments and resource/land use-options;
- collection and dissemination of statistics, analysis and forecasting of market conditions, promotion and marketing of provincial resource potential
- identification and development of government policies and programs affecting the energy and mineral resource sectors; and
- administration of First Nation revenue sharing agreements and the Vancouver Island Natural Gas Pipeline Agreement.

Government transfers are provided for the Vancouver Island Natural Gas Pipeline Agreement.

Resource Revenue Sharing Agreement

Provides for agreements reached with First Nations to share revenue received from petroleum, natural gas and minerals extraction. Provision is made for payments made in accordance with the federal/provincial agreement, as specified under the *Fort Nelson Indian Reserve Minerals Revenue Sharing Act*, and agreements with other First Nations.

Energy and Minerals Division

Resources Management - inventories mineral, coal and geothermal reserves and resources in B.C.; maintains databases, surveys and library of prospecting reports; fields geological and geochemical surveys to identify areas and geologic environments favourable for mineral discoveries; administers and disposes of petroleum, natural gas and geothermal resource rights; maintains a title registry; collects fees, rentals and tender bonuses; administers title to the mineral and coal resources of the province; and negotiates fair compensation for mineral and coal titles expropriated under the Park Act. Grants and contributions are for resource studies and projects.

Regulation, Inspection and Enforcement - administers provincial legislation, regulations and guidelines relating to exploration, production and reclamation activities of the coal, geothermal and mining industries to ensure safe operations, environmental responsibility, and prudent resource management.

Exploration - provides training support and grants to prospectors to stimulate mineral exploration; facilitates technology transfer to mineral industry; and promotes investment in high-risk exploration.

International Co-operation - provides for resource management information and technology transfer to Peru on a cost recovery basis through a contract with the Canadian International Development Agency (CIDA).

Land Use and Aboriginal Relations Division

Aboriginal Relations - supports revenue generation by promoting business relations between First Nations and the mining and oil and gas industries and by encouraging aboriginal participation in the industry; negotiates and implements protocols and memorandums of understanding with First Nations relating to ministry responsibilities; supports negotiations between industry and First Nations for joint ventures and other agreements; develops and implements employment and training initiatives; and develops ministry policy relating to aboriginal relations.

Environment and Land Use - develops policies and strategies for mineral land-use planning, including related legislative proposals; analyzes and disseminates mineral resource data for planning and policy issues; monitors implementation of land-use plans and policies; supports ministry regional staff; and co-ordinates ministry involvement in provincial environmental assessment policies and procedures.

Clean Choice Program

This account was created by authority of the *Vancouver Island Natural Gas Pipeline Act*. Of the original \$80 million authorized for this account, \$25 million was disbursed as loans in 1990/91 and 1991/92 for capital construction of the pipeline to Vancouver Island. No loan repayments are expected in 2001/02. The balance of the account is for the provision of financial assistance for the conversion of oil, propane and other fuel-fired appliances to the use of natural gas. Expenses consist of government transfers to persons who have applied and qualified for financial assistance. No interest or other revenue is credited to the account. Administration costs are funded through the Ministry Operations Vote. No financing transactions are provided for under this account.